



MONTANA LEGISLATIVE BRANCH

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Legislative Fiscal Analyst
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DATE: February 21, 2006

TO: Legislative Finance Committee

FROM: Lois Steinbeck

RE: Update on Medicare Part D Prescription Drug Program

The Medicare Part D benefit for prescription drugs (Part D) began January 1, 2006. The first populations transitioned into the program were persons eligible for both Medicare and Medicaid, or the dual eligibles. Legislative Finance Committee (LFC) members may have read press reports of transition issues experienced by some dual eligibles throughout the nation and in Montana.

The Department of Public Health and Human Services (DPHHS) has been asked to provide an update to the LFC regarding Montana specific transition issues. In several public meetings, DPHHS staff noted the amount of work required by department staff to ensure a smooth transition for some dual eligibles. Montana was one of about half of the states that opted to provide reimbursement to pharmacies that filled prescriptions for dual eligibles despite lack of reimbursement from Part D plans.

DPHHS will submit its Part D update to the Legislative Fiscal Division (LFD) on February 28th. The report will be e-mailed to LFC members when it is received. In addition to the information that DPPHS will provide, LFD staff asked the department to address the following questions:

- o About how many dual eligibles has DPHHS assisted with Medicare Part D problems?
- o What kinds of problems did the persons have and what were the most frequent issues?
- o About how many staff and how many staff hours were spent assisting persons?
- o What is the approximate cost to the state of Part D assistance – both administrative and benefits, with benefits being the cost of prescription drugs paid by DPHHS that should have been paid by Part D?
- o Has the first clawback¹ been paid? If so, what was the amount and when was it paid?
- o What is the approximate cost savings in prescription drugs during the first month of Part D experience?
- o Any word yet about when CMS may provide the data to match MSHP eligible persons with Medicare eligibility?

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¹ A clawback is the amount that a state must pay to the federal government for a state's estimated savings in Medicaid due to assumption of prescription drug costs for dual eligibles under Part D. Clawback amounts were recently recalculated by the federal government and declined from previous estimates. The Montana clawback was originally estimated at \$12.2 million and revised to \$11.1 million, a savings of about \$1.1 million in state funds.